

I. Program Description and Design

This proposed pharmacy expansion program would provide prescription drug coverage to seniors and individuals who qualify as disabled with incomes at or below 200% of the federal poverty line. Since April 2001, a subset of this population has been served by the Commonwealth under Prescription Advantage. Due to the Commonwealth's fiscal crisis, the program closed new enrollment during FY03. Moreover, the Governor's proposed budget for SFY04 does not include funding for Prescription Advantage and recommends that the program be eliminated if it does not receive support from the federal government. The Governor has stated that he will fund the program if federal financial participation is available.

Prescription Advantage has covered seniors regardless of income and individuals with disabilities at or below 188% FPL. Only seniors under 200% FPL would be included under this waiver amendment. Additionally, through this amendment, eligibility for the disabled population would be expanded from 188% FPL up to 200% FPL. The pharmacy expansion program would provide prescription drug coverage only after members exhaust any other source of prescription drug coverage. All members would pay co-payments.

A. Covered Benefits

The benefit of the pharmacy expansion program would be extensive and include prescription drugs covered under MassHealth. The formulary (the list of drugs available to members) would be broad, covering all or most FDA approved drugs, and would be developed, reviewed and approved by a panel of physicians and pharmacists. The exact drugs within the formulary may be modified as additional or alternative benefit management strategies are considered and implemented for the program. The drugs on the formulary would be categorized into three levels; generic, brand-name and additional brand-name drugs. Generic drugs would have the lowest co-payment and additional brand-name drugs would have the highest co-payments. Both retail and mail order options would be available to members.

Members would not be prohibited from maintaining other prescription drug coverage. The pharmacy expansion program could serve either as a members' primary prescription drug coverage or as a supplement to their primary source of prescription drug coverage. However, the program would be the payer of last resort. As such, members must exhaust any other prescription drug coverage they may have before the pharmacy expansion program pays any benefits.

B. Rate Structure & Cost Sharing

- **Premiums and Deductibles**

Pharmacy expansion eligible members may pay premiums and deductibles.

- **Co-Payments: Out-of-Pocket Expenses**

All members would pay co-payments at the point of service. Co-payment amounts would depend on which tier the drug falls within.

Generally, the co-payments would be divided into three categories:

- Level 1: generic drugs which are the least costly to members;
- Level 2: brand-name drugs that have been chosen for their therapeutic effectiveness and cost and are less expensive than Level 3;
- Level 3: additional brand-name drugs whose co-payments will be the highest of the three Levels

The structuring of these co-payments may be modified as additional or alternative benefit management strategies are considered and implemented for the program.

- **Annual Out-of-Pocket Spending Limit**

All members served under the pharmacy expansion program would have a pre-determined annual out-of-pocket spending limit. Once the out-of-pocket spending limit is reached in co-payments and deductibles, the plan would cover the full cost of prescriptions until a new plan year begins. Out-of-pocket spending limits may be adjusted annually.

C. Eligibility Requirements

To be eligible services under the pharmacy expansion program, individuals must meet the following eligibility requirement:

- Must be a resident of Massachusetts;
- Must not be eligible for MassHealth (Medicaid);
- Must have a gross annual household income of not more than 200% FPL
- Must be age 65 or older or qualify as having a disability

D. Application Process for Benefits

The application process would include the following components:

- Elder Affairs would process applications to determine eligibility for both the non-waiver population and the waiver population.
- Applicants would be screened to determine if they are eligible for coverage under the waiver program and reviewed for eligibility for all MassHealth programs.
- Applications would be accepted by mail and, in the future, applications may be accepted over the Internet or by other appropriate means.
- Upon enrollment, waiver program recipients would receive an identification card specific to Prescription Advantage, distinct from a MassHealth card, and other information pertinent to membership in the expansion program.

E. Redetermination of Membership

An annual member re-determination would be conducted for the purpose of reviewing and confirming a member's eligibility for the pharmacy expansion program and screening for potential eligibility for MassHealth.

F. Enrollment Periods

Elder Affairs would develop and implement a yearly open-enrollment period. Residents may enroll at any time during the year in which they turn age 65.

G. Coordination with MassHealth Programs

The following are stipulations regarding coordination between the existing MassHealth program and the pharmacy expansion program:

- As stated previously, applicants would be screened for eligibility for other MassHealth programs.
- A process to perform an electronic tape match would be implemented to determine if potential, or existing, members are on MassHealth. If the applicant or member is determined to be already enrolled in MassHealth, that applicant would be determined not eligible for the pharmacy expansion program. Members would be notified in advance of these actions and referred to MassHealth.

H. Coordination with Commercial Insurance Plans

Applicants would be required to report any other prescription drug coverage they may have in order to ensure that the pharmacy expansion program is payer of last resort. The information would be maintained on the administering agency's database and updated through a monthly health insurance coverage and eligibility tape-match with other health plan information files, as well as an annual re-determination process. Pharmacies and members would be alerted that the expansion program would pay the cost of the prescription drugs only after the member has exhausted their other source of drug coverage.

I. Benefit Management Strategies

Because individuals often see multiple providers for a variety of conditions, some effective management tools are crucial to improving the primary care they receive and for keeping elders out of hospitals or other institutional settings. The Commonwealth presently contracts with a private pharmacy benefits manager to conduct benefit management for Prescription Advantage. The following benefit management strategies are currently employed and would be employed for this expansion. DMA and Elder Affairs will also pool resources to review and evaluate other possible enhancements to manage these benefits in a more cost-effective manner.

Under the pharmacy expansion, DMA and Elder Affairs will work together to leverage resources available to the Commonwealth in order to administer pharmacy services through Prescription Advantage for the pharmacy expansion population in the most efficient and effective manner possible. The Commonwealth will examine a number of alternatives, including the current pharmacy benefit management tools, in order to enhance the management of such benefits. The following benefit management strategies are currently employed and these or similar strategies will be employed for the pharmacy expansion program.

- **Performance Drug List (PDL)**

This list of drugs represents preferred choices for members within select, highly utilized therapeutic categories. It is a subset of the formulary with drugs in over 31 select therapeutic classes. The generic and preferred brand drugs represented are clinically approved and cost effective. The PDL helps physicians identify products that help maximize clinical results and economic value. The PDL is administered as a preferred drug list. The use of drugs not on the list is discouraged but members can access them on Prescription Advantage's third tier. Prescription Advantage obtains the advice of external clinical experts for the development and review of the PDL.

- **Concurrent Drug Utilization Review (DUR)**

Drug Utilization Review (DUR) tools help to maintain clinical quality and manage costs. The DUR tools used currently by Prescription Advantage include retrospective, concurrent, and prospective reviews that positively influence prescribing trends and help optimize prescription drug therapy through physician and pharmacist education before, during, and after drug therapy is initiated.

The DUR program will perform real-time, online editing of drug therapy prior to the time the prescription is dispensed, sending alert messages and warnings to the pharmacy when potential drug conflicts are identified. In addition to identifying potential adverse drug interactions and/or compliance problems, online messages will signal the pharmacist to check for other potential problems such as early refills, excessive drug use, potential drug conflicts, and therapeutic duplications.

- **Formulary Compliance**

A formulary compliance program will work in conjunction with the PDL to help lower drug costs by promoting preferred medications. The program is intended to accomplish the following:

- Promote the use of preferred drugs over non-preferred drugs;
- Through an Online message, notify pharmacist of intervention opportunity at the point-of-service;
- Require Physician and member approval to change to a preferred drug.

J. Collaborative Purchasing Strategies

DMA and Elder Affairs will collaborate with other state entities to identify cost effective strategies for purchasing prescription drugs jointly for individuals served by each agency's members. Although this collaboration is still in the preliminary stages, implementation of viable strategies may be undertaken during the waiver period.